PROVINCE OF SASKATCHEWAN

09-10

PLAN FOR 2009-10

SASKATCHEWAN LIQUOR
AND GAMING AUTHORITY

PLAN FOR 2009-10

Statement from the Minister

On behalf of the Saskatchewan Liquor and Gaming Authority (SLGA) I present to you SLGA's Plan for 2009-10. The Plan identifies how SLGA aligns with Government's vision for a secure and prosperous Saskatchewan, leading the country in economic and population growth, while providing opportunity for a high quality of life for all.

The 2009-10 Plan outlines how SLGA will deliver on our Government's plan for Securing the Future. Many of the commitments contained in the plan embrace growth, improved service for our customers, the creation of new markets, social responsibility, environmental stewardship, as well as lay the foundation for an efficient regulatory system which will in turn promote a stronger business climate.

SLGA's net income is transferred annually to the General Revenue Fund (GRF) to fund government initiatives in support of social and economic objectives such as health, education and infrastructure. We are committed to being accountable to the people of Saskatchewan and to ensuring that we deliver on our commitments. I will report on this Plan and the commitments identified in my Mandate Letter in SLGA's annual report.

The Honourable Dan D'Autremont
Minister Responsible for Saskatchewan Liquor and Gaming Authority

Mission Statement

Serving Saskatchewan people with excellence while promoting economic growth through the socially responsible distribution, management, operation and regulation of liquor and gaming products.

Response to Government Direction

Plans for 2009-10 align with Government's vision and goals and the key priorities for 2009-10, as presented in the Government Direction for 2009-10. The 2009-10 Plan communicates a high-level framework for SGLA activities over the coming year and reflects SLGA's primary areas of focus. Together, all ministries and authorities support Government's three goals, working towards a secure and prosperous Saskatchewan.

Strategies and Actions

Government Goal – Economic Growth

Sustain Economic Growth for the benefit of Saskatchewan people, ensuring the economy is ready for growth and positioning Saskatchewan to meet the challenges of economic and population growth and development.

Strategy	Key 2009-10 Actions
Support economic growth in liquor and gaming industries and associated sectors	• Conduct a retail store location study in major urban centres to identify priority areas and provide direction for a long-term business strategy that will address future needs. • Develop a Video Lottery Terminal (VLT) Strategy that incorporates the infrastructure needs of the VLT program over the long-term.
Modernize SLGA's policy framework to allow for greater flexibility and encourage increased involvement by stakeholders in the economy	• Create a more flexible regulatory framework, reducing market entry barriers and encouraging business creation through the review and refinement of: ~ the cottage winery policy and contract; and, ~ the rural franchise policy and contract. • Following the evaluation of business plan proposals submitted through the Specialty Wine Store Request for Proposal process, work with successful applicants to ensure the success of the specialty wine store franchises.

Government Goal – Security

Secure Saskatchewan as a safe place to live and raise a family where people are confident in their future, ensuring the people of Saskatchewan benefit from the growing economy.

Strategy	Key 2009-10 Actions
Strengthen the socially responsible sale and distribution of liquor and gaming products in an effort to reduce the adverse consequences of these activities	• Update casino self-exclusion policy/regulations based on the results of the Responsible Gambling Council research findings on best practices. • Review the regulatory framework for ticket lotteries in consultation with the Ministry of Tourism, Parks, Culture and Sport and neighbouring jurisdictions. • Deliver mandatory responsible gaming training to VLT site contractors to assist in the identification of signs of problem gambling behaviour and provide strategies to address such behaviour.
Promote environmental stewardship by implementing sustainable business practices	• Further to SLGA's commitment to environmental stewardship, SLGA will look for opportunities to conduct operations in a more environmentally friendly manner and incorporate environmental impact considerations into the decision making process. • Based on the results of prototype energy conservation and efficiency audits conducted in 2008-09 on select SLGA owned properties, SLGA will determine if potential energy efficiency savings would be realized with building and support system modifications.

Government Goal – Promises

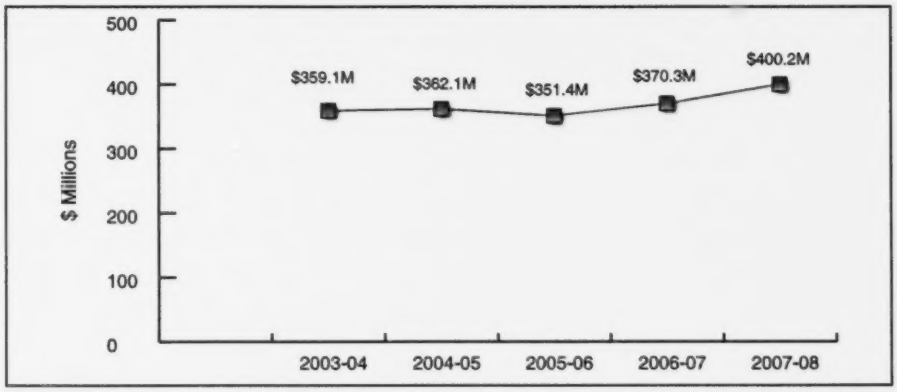
Keep Government's **Promises** and fulfill the commitments of the election, operating with integrity and transparency, accountable to the people of Saskatchewan.

Strategy	Key 2009-10 Actions
Support and strengthen the collaborative partnership between SLGA and First Nations	• Work collaboratively with: ~ the Federation of Saskatchewan Indian Nations (FSIN) to continue to fulfill commitments under the Gaming Framework Agreement; ~ the Saskatchewan Indian Gaming Authority (SIGA) to continue to fulfill commitments under the Casino Operating Agreement; and, ~ the Indigneous Gaming Regulators (IGR) to continue to fulfill commitments under the IGR – SLGA Regulatory Agreement.
Ensure continuous improvement in internal operational efficiency and productivity	• Continue development of a Corporate Business Continuity Plan focusing on: ~ implementation of a formal information technology disaster recovery plan for its business critical systems; and, ~ implementation of an emergency response preparedness plan. • Complete automation of the Special Liquor Order system to streamline the order and delivery process and enhance the capacity to accommodate the increased activity generated through the creation of Specialty Wine Stores and allowing rural franchises to sell special order liquor products.
Provide responsive and high quality services to customers and stakeholders	• Continue to expand the content available on saskliquor.com to meet consumer demand. • Conduct a customer satisfaction survey to identify strengths in customer service as well as areas to target for improvement.

Performance Measures

Measure	Baseline / Trend Line Information

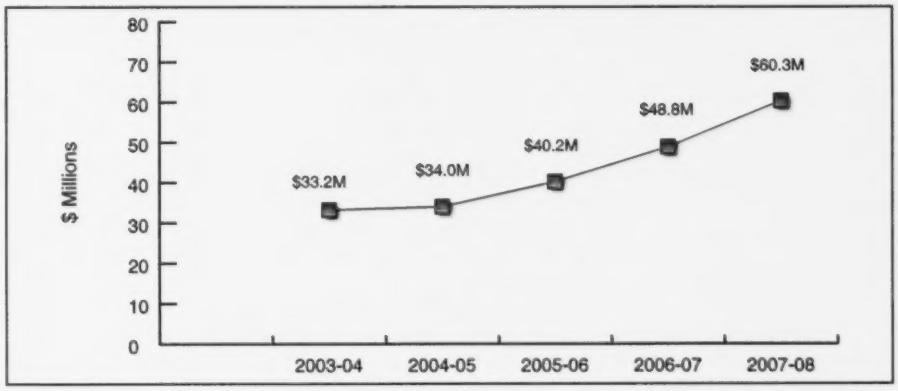
SLGA Net Income



Significance of the Measure

SLGA plays a very important role in funding provincial programs and services by transferring its net income annually to the GRF. SLGA's net income reflects the total net revenue generated by the Province's liquor industry and the majority of the gaming industry after deducting operating expenses. Through increasing net income, SLGA contributes significantly to Government's revenue needs for funding of key programs.

Saskatchewan Indian Gaming Authority (SIGA) Net Income



Significance of the Measure

This measure reflects the total net income generated by the SIGA casinos in the Province after deducting operating expenses. As required by the Criminal Code of Canada, SLGA owns the slot machines located in SIGA's casinos. The revenue generated from the machines is distributed according to the revenue sharing formula in the 2002 Gaming Framework Agreement between the Province and the FSIN.

The GRF retains 25 per cent of SIGA's net profits (after defined payments) in support of broader provincial objectives. The remaining 75 per cent is distributed back to First Nations communities via the First Nations Trust (FNT) and Community Development Corporations (CDCs). The FNT and CDCs support economic development, social development, justice, health, education, recreation, culture and other First Nations initiatives among First Nations and non-First Nations in and around the communities where the casinos are located.

Measure	Baseline / Trend Line Information

Video Lottery Terminal (VLT) Site Commission

Fiscal Year	VLT Site Commission
2007-08	$39.9M
2006-07	$36.6M
2005-06	$36.4M
2004-05	$40.1M
2003-04	$41.2M

Significance of the Measure
This measure illustrates how private businesses benefit from VLT activity in the province. SLGA supports local businesses through a 15 per cent VLT site commission to liquor permitted establishments that host VLTs.

Total Gross Franchise and Commercial Permittee Beverage Alcohol Purchases

Fiscal Year	Total Franchise Purchases	Total Commercial Permittee Purchases
2007-08	$41.4M	$200.7M
2006-07	$37.1M	$186.8M
2005-06	$35.2M	$175.2M
2004-05	$34.4M	$170.5M
2003-04	$33.3M	$178.8M

Significance of the Measure
This measure reflects the beverage alcohol purchases made by SLGA's partners in the private sector, illustrating the extent to which the Saskatchewan beverage alcohol market is served by a combined public/ private distribution model. The franchises and commercial permittees in turn generate additional revenue and economic activity through the re-sale of beverage alcohol in support of other core business areas such as accommodation and food services.

Saskatchewan Liquor and Gaming Authority

Measure	Baseline / Trend Line Information

Marginal Return on Expenses (MRE)

Fiscal Year	Marginal Return on Expenses
2007-08	+0.56
2006-07	+1.61
2005-06	-0.94
2004-05	+1.24
2003-04	+1.51

Significance of the Measure

This measure expresses an overall return on investment as an outcome. It expresses a ratio between the Change in Net Income compared to the Change in Total Operating Expenses and reflects the principle that while operating expenses may increase, this growth often leads to an increase in net income. Any outcome greater than zero is a positive outcome. Conversely, a negative MRE is unfavourable.

Retail Customer Satisfaction Survey Results

Retail Customer Satisfaction Survey	2002-03 Survey	2004-05 Survey	2007-08 Survey
Satisfaction with customer service	92%	91%	88%
Satisfaction with quality of service	97%	96%	95%

Significance of the Measure

Customer satisfaction is an important indicator of the quality of SLGA's programs and services and how they are perceived by the public and stakeholders. Excellent customer service is one of the most important outcomes for SLGA as a customer-oriented retail business. Identifying what is most important to customers is a key component for SLGA in continuing to offer high quality programs and services. Satisfaction surveys, conducted every two years, help SLGA to develop strategies to improve customer satisfaction. The 2007-08 survey results prompted SLGA to pursue further analysis by conducting consumer focus group sessions in 2008-09 and address specific issues that were identified.

Financial Summary

SLGA's 2009-10 financial plan supports the organization's key strategies that are designed to assist Government in achieving its plan for Securing the Future. The main financial outcome for SLGA is its net income which consists primarily of the following components: provincial VLT revenues; SIGA net income; and profits from the retail liquor sector.

SLGA's net income is transferred annually to the GRF in support of broader provincial objectives. In 2007-08, SLGA experienced a record financial year exceeding $400 million for the first time and is expected to surpass this benchmark again in 2008-09.

For 2009-10, SLGA is budgeting for a net income of $440.7 million. Relative to 2008-09 Budget estimates, VLT net income is estimated to increase $16.9 million due to increased activity. SIGA net income is forecast to reach $72.1 million. Net income in the retail liquor sector is expected to increase by $19.3 million relative to 2008-09 Budget, based on volume growth forecasts in all liquor categories.

Overall, SLGA's capacity to continue to generate additional revenues is impacted by a variety of macro-economic forces and public policy choices. SLGA net income has been buoyed by the strength of the provincial economy over the past two-years. Although global economic conditions have changed considerably in recent months, SLGA is still confident that net income growth will be achieved in 2009-10.

For More Information

Please visit SLGA's website at www.slga.gov.sk.ca for more information on its key business areas or contact (306) 787-4214.